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Lt. Governor



Terry Rich
Chief Executive Officer

Iowa Lottery Report On Operations

To: Members of the House Government Oversight Committee and Senate Government Oversight Committee

From: Terry Rich, CEO

Date: June 2010



Rich Koenigsfeld carried a picture of his family during the news conference about his win.

The number of Iowans who have won \$1 million prizes continues to grow, with six lottery players claiming prizes of that amount just this year so far. And, 14 \$1 million prizes have been won by Iowa Lottery players since January 2008.

The story of one of those winners made national headlines in April. Rich Koenigsfeld of Marble Rock claimed the first \$1 million top prize in the "Lifetime Riches" instant-scratch game on April 26 after a heartbreaking few months for him. In November, his youngest son had died in a construction accident and in March, his wife had died of cancer.

Koenigsfeld, 48, a delivery driver for Farmers Cooperative in Marble Rock, chose to do media interviews about his big win to help raise awareness of organ donation. His wife and son had both been big supporters of the cause and doctors were able to harvest some of Gabe's organs to help others.

As he claimed his prize, Koenigsfeld said that he thought his wife must have been looking out for him to help him find the lucky ticket. Koenigsfeld was interviewed live April 28 by Harry Smith on CBS' "The Early Show" and thousands of media outlets and Internet sites picked up his story as well.

FY 2010 Early Results and FY 2011 Budget

As we near the end of fiscal year 2010, it appears Iowa Lottery sales will exceed last year's results by more than \$10 million. That's especially positive news amid the current economic conditions, which have reduced revenues within the U.S. gaming industry as a whole by 5-10

percent. Cognizant of those economic concerns, the Iowa Lottery took several steps earlier in the year to lower expenses, including:

- All non-contract employees took 7 furlough days.
- All contract employees took 5 days unpaid leave.
- Some vacant positions were left unfilled while hiring was delayed for others.
- CEO's pay was reduced for the year.
- A new vehicle policy was implemented to reduce the number and use of lottery vehicles.
- Retailer receipts were eliminated for nonwinning tickets, reducing paper costs. Player receipts continue to be available for all tickets checked or cashed, but retailers now only receive receipts for winning tickets, as those are needed for accounting purposes.
- Lottery winning-number hotlines were consolidated into one centralized number.

However, at the end of the May, the latest month for which final figures are available, lottery proceeds to the state were running 3 percent behind FY 2009 figures for the same time period.

Two major expense categories to date are affecting lottery proceeds. Prize payouts, which are cyclical and will vary over time, are running ahead of projections for the year. Compare that to FY 2009, when prizes in instant-scratch games in particular ran behind prize totals during the same time period a year earlier. That's all a function of the random nature of lottery games, which can have variations in a particular year, but average out over time.

The lottery also will incur a \$1.5 million expenditure in FY 2010 due to the accrual of costs from the State Employee Retirement Incentive Program approved during the 2010 legislative session. The retirement incentive program was not foreseen in the lottery's FY 2010 budget, but accounting standards require that expenses from the program be booked this year.

The Lottery also continues to monitor and evaluate the impact on its sales from legislation passed in 2009 that allows merchandise prizes of up to \$50 to be awarded to those who play amusement devices, up from the previous limit of \$5 in merchandise. It now appears that the change in the prize limit for amusement devices has resulted in at least a \$1 million loss in lottery pull-tab sales for the year. We will continue to report back to your committees about this and other changes in the entertainment landscape that may affect lottery sales and proceeds.

In the end, FY 2009 and FY 2010 will be the best years in the lottery's history for lottery proceeds from its core products (lotto games, instant-scratch games and pull-tab games). As always, we are closely tracking lottery results and providing regular updates about sales and proceeds through the state's I-3 accounting system.

Here are year-to-year comparisons of lottery sales (July-May):

| | FY 2010 | FY 2009 | Change |
|-----------------------|-----------------|-----------------|------------------|
| Instant-scratch games | \$131.1 million | \$125.3 million | + \$5.7 million |
| Pick 3 | \$6 million | \$6 million | Unchanged |
| Powerball | \$54.6 million | \$54.4 million | + \$0.2 million |
| Mega Millions | \$4.75 million | ----- | + \$4.75 million |
| Hot Lotto | \$12.8 million | \$13.1 million | - \$0.3 million |
| 2010 Raffle | \$789,000 | ----- | + \$0.8 million |

| | | | |
|----------------------------|----------------|----------------|-----------------|
| Pick 4 | \$2.5 million | \$2.4 million | + \$0.1 million |
| Iowa's \$100,000 Cash Game | \$3.6 million | \$3.8 million | - \$0.2 million |
| Pull-tab games | \$18.4 million | \$19.5 million | - \$1.0 million |

In the Lottery's December report to the Oversight Committees, we noted that during its Sept. 29 meeting, the Lottery Board had approved the Lottery's FY 2011 budget. That budget took into account predictions of continued U.S. economic difficulties and conservatively projected just a 1.9 percent growth in lottery sales from FY 2010 to FY 2011. (The Lottery's budget for FY 2010 projected no growth from FY 2009).

Following the standard process, after completion of this year's legislative session the Lottery Board met again to amend the most recent lottery budget to reflect the decisions that were made during the session. At its June 8 meeting, the Lottery Board also voted to amend the FY 2011 budget to adjust the prize expense category to reflect FY 2010 percentages, the most recent figures available.

The amended budget projects that lottery salary and benefits will decrease due to the state's retirement incentive program and the accompanying elimination of some positions at the lottery, while the prize-payout level was increased from 57 percent to 58 percent to more accurately reflect the current rate. The Lottery projects that its proceeds to the state will total about \$58.2 million in FY 2011.

As part of standard procedures, the Lottery's budget figures have been entered into the state's I-3 accounting system and are available for review by all interested parties. In addition, detailed updates to the lottery's sales and budget figures are also regularly provided through the state's I-3 accounting system.

Copies of the Lottery Operations budget and the budget for the Lottery Fund are both included with this report as **Attachments A** and **B**. **Attachment C** to this report provides the Lottery's FY 2010 performance measures through May.

The voting members of the Iowa Lottery Board are: Chairperson Mike Klappholz of Cedar Rapids, retired Cedar Rapids chief of police; Tom Rial, a Des Moines marketing consultant; Elaine Baxter, a former state legislator and secretary of state from Burlington; and Brad Schroeder of Pleasant Hill, an attorney whose law practice is based in Des Moines. State Treasurer Michael Fitzgerald is an ex-officio member of the Board.

Success of Games to Benefit Veterans

Lottery proceeds to the Iowa Veterans Trust Fund have topped a significant threshold in just two short years.

The Lottery has now raised more than \$5 million to benefit Iowa veterans and their families since legislation authorizing lottery games for veterans' causes was signed into law in 2008. Through May of this year, the grand total was \$5,277,146.57.



When legislation about lottery games for veterans' causes was initially discussed, the lottery had estimated that it could provide between \$2 million and \$3 million annually for the Trust Fund.

Lottery proceeds to the Veterans Trust Fund totaled more than \$2.7 million in FY 2009, and the FY 2010 total through the end of May was nearly \$2.5 million. A new instant-scratch game and a new pull-tab game to benefit veterans' causes will begin sales in July.

Promoting Travel In Iowa & 25 Years of Lottery Fun



After a successful 2009 campaign with the Iowa Tourism Office to promote travel in Iowa, the Lottery decided to team up with Tourism again this year, but with two focuses this time around: Summer travel in Iowa and 25 years of lottery entertainment in our state.

Last year, Tourism and the Lottery kicked things off with the "Keep Your Ticket Handy" project. It was a new take on the "help your neighbor" concept. The idea was that by working together, we could drive travel and tourism in Iowa and help our entire state weather the economic storm.

The response to last summer's project was a big positive. The businesses and attractions that participated reported that they saw increased traffic, and perhaps even more importantly, a good portion of it came from outside their usual marketing areas.

This year, folks across the state have the chance to be part of the "Silver Ticket Celebration." The game that's key to it all is "The Silver Ticket," a \$5 instant-scratch game. The

game is in honor of the lottery's 25th birthday and its tickets are bright and shiny, so they really get your attention.

Silver Ticket players can win instant prizes of up to \$25,000, but there's even more value in the game: If your ticket doesn't win a prize, you can choose from among three more ways to have fun:

- "Silver Ticket Savings." Lottery players can use nonwinning tickets like a coupon for savings at Iowa events, businesses and attractions. A complete list of the special discount offers available to Silver Ticket customers is available on the Iowa Tourism Web site at www.traveliowa.com.
- "Silver Ticket Cash Stops." Lottery players can use nonwinning tickets in The Silver Ticket game for a chance to win cash prizes in contests the lottery will hold at the 25 "must see" events in Iowa this summer. Four cash prizes of up to \$500 will be awarded during each contest for a total of \$1,000 in prizes at each event.
- And finally, State Fairgoers can use their nonwinning ticket as an entry in the Silver Ticket Cash Stop festivities during our celebration's finale event, the Iowa State Fair.

The finale is being held at the State Fair because that's where everything started for the Iowa Lottery. Legislation authorizing a lottery in Iowa was signed into law on April 18, 1985, and the Lottery sold its first tickets during a kick-off celebration on Aug. 22, 1985, at the Iowa State Fair.

In its first 25 years, the Iowa Lottery has raised \$1.2 billion for state programs while its players have won more than \$2.4 billion in prizes.

The public has really embraced The Silver Ticket initiative. Hundreds of people are turning in entries at our Cash Stop contests and local events and businesses report that they're seeing increased traffic because of the Tourism-Lottery project.

We think this project is unique in the United States in terms of state entities, private businesses and local fairs and festivals all working together to try to drive the state's economy.

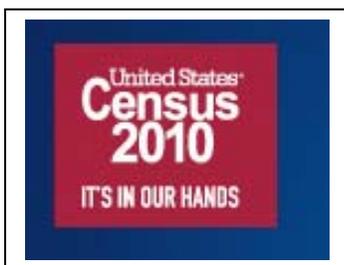
Additional Lottery Benefits to the State

In addition to the Tourism project, the Iowa Lottery also is lending its marketing and technological expertise to other important state initiatives with the goal of increasing their impact and ultimately benefiting the entire state. Some of those projects are:



The Iowa State Fair. For the first time, adult advance-admission tickets to the Fair will be available through Iowa Lottery sales terminals this year, giving State Fair fans nearly 2,000 locations statewide where they can buy tickets. The Fair is set for "Non Stop Fun" August 12-22. Tickets will be printed from Lottery terminals on the same paper that is used for lotto tickets in games such as Powerball. Adult advance-admission is \$7, with a \$1 convenience fee for tickets available from lottery terminals. State Fair tickets go on sale July 1 and must be purchased by August 11, the day before the Fair. This new

collaboration means added convenience and statewide accessibility for customers looking to buy advance-admission Fair tickets.



The 2010 U.S. Census. In April, May and June, the Iowa Lottery ran special messages on its lotto tickets encouraging everyone to participate in the 2010 U.S. Census. The initiative provided millions of impressions directly to consumers with this message printed at the top of lotto tickets: "Fill it out! Mail it in! Census 2010." The census determines the number of seats Iowa has in the U.S. Congress along with the boundaries for legislative districts and local precincts. It also will determine the distribution of billions of dollars in funding to our state and local communities. A complete and accurate census count

will ensure that Iowans receive the political representation and funding levels our state deserves. The Iowa Lottery ran messages on its lotto tickets in 2000 encouraging people to participate in that year's Census, and Iowa had top ranking that year in getting its residents counted, with 76 percent of households returning census forms. Minnesota, Nebraska and Wisconsin tied for second at 75 percent, while South Dakota came in third at 74 percent.



The 2010 Iowa Court Debt Amnesty Program.

The Iowa Lottery is currently working with the Iowa Department of Revenue to develop an

informational campaign about the Iowa Court Debt Amnesty Program that was approved during this year's legislative session. Our two entities will reach an agreement giving the Department of Revenue the opportunity to work with the lottery's advertising agencies to develop the campaign and provide information on a statewide basis. The Court Debt Amnesty period will be from Sept. 1-Nov. 30. Initial projections are for the program to bring in payments to the state of between \$3 million and \$4 million.

The Iowa Lottery also continues to be a strong source of **state tax revenue** as well as **revenue from the state's Income Offset Program**. Through the end of May, the Lottery had provided to the state nearly \$1.5 million in withholding taxes from winners of lottery prizes of more than \$600 during FY 2010. The Lottery also had provided the state with nearly \$284,000 through the Income Offset program. When a lottery winner claims a prize of \$100 or more at one of our offices, the lottery runs that person's information against the state database of people who owe the state and many other public entities money for things like back taxes and child support. If the winner's information is in the database, the amount of money he or she owes is automatically deducted from the prize check. The money goes to the Offset Department within the Department of Administrative Services, which distributes the money to the agency to which the debt is owed.

Powerball®, Mega Millions® And Other Big-Jackpot Games



Powerball and Mega Millions are now both being sold jointly by dozens of U.S. lotteries, giving more players the chance to play the big-jackpot games and providing new proceeds for the valuable causes benefited by lotteries.

Mega Millions® sales began in January in Iowa. Through May, Iowa sales in the game totaled \$4.75 million. The addition of Mega Millions has had a positive impact on sales in the lotto-game category for the Iowa Lottery, increasing total weekly combined lotto sales.

Lottery directors across the country reached an agreement in principle in October 2009 to work towards cross-selling of Powerball® and Mega Millions® and later development and implementation of a premium lotto game for all U.S. lotteries. Work towards the premium game continues and we anticipate it will begin sales in the spring of 2011. We will keep your committees updated on progress.

RFP For Sales And Validations System

The Iowa Lottery continues work on the RFP for the biggest contract involved in its operations. The Request For Proposals is for the communications equipment, software, and computerized

terminals that are used to sell and validate lottery tickets at more than 2,500 retail locations statewide.

Since its start, each of the Lottery's sales and validations systems has been in use for several years. But like any electronic or computer equipment, each system must be updated and replaced over time. The Lottery's current system has been in place since 2001, and the contract for it will expire in July 2011.

Preparing such an RFP generally takes 1½ to 2 years. And, because such contracts are generally only awarded about once a decade, they are highly sought after within the lottery industry.

On May 12, an evaluation committee of lottery employees presented to the Iowa Lottery Board and CEO its findings regarding the RFP, which had been issued in August. The Iowa Lottery had received three bids in response to the RFP, and all were strong. That's ultimately good for the Lottery and the state of Iowa, because any one of the bids would have produced cost savings when compared to the rate the lottery pays for its current system.

Bids were received from: Scientific Games International Inc., based in Alpharetta, Ga.; INTRALOT Inc., based in Duluth, Ga.; and GTECH Corp., based in Providence, R.I.

There were 1,000 points possible within the Iowa Lottery's RFP and the scores that the three companies received were extremely close – *less than three points separated the three*.

The Lottery Board was scheduled to make a contract recommendation in June. However, after the evaluation committee's findings were released, the lottery received letters from all three companies with questions about the RFP and the scores involved.

Because issues were raised by all vendors, and due to the closeness of the bids involved, it was difficult to evaluate the issues and determine a clear winner. Therefore, in order to be fair to all involved, the Lottery rejected all the bids in their entirety and issued a new RFP with clarifications. Such decisions are routine within the state of Iowa's RFP processes and are designed to ensure the best possible outcome for all involved.

The Lottery issued a new RFP in June and the evaluation committee anticipates completing its work by September. The schedule remains on track for a new statewide system of lottery terminals and communications equipment to be operational in Iowa by July 3, 2011.

Latest Audit Of Iowa Lottery

Each year, the Iowa Lottery is audited by the State Auditor's Office. The auditors review the Lottery's operations as required by state law. The auditor's efforts are in addition to the security and integrity standards the Lottery has adopted and employed throughout its operations to ensure the veracity of its games.

State Auditor David Vaudt released the results of the FY 2009 audit of the Lottery on Feb. 10, providing another **clean report** for Iowa's lottery. Copies of the audit are provided by the Auditor's Office to the Governor, Department of Management, Legislative Services Agency, members of the Lottery board and the Lottery CEO. In addition, the audit report is available on

the state auditor's Web site for all interested parties at:
<http://auditor.iowa.gov/reports/reports.htm>.

The audit identified no deficiencies in internal control over financial reporting and no instances of non-compliance or other matters reportable under Government Auditing Standards.

Focus On Social Responsibility

This spring, the Iowa Lottery teamed with the Iowa Gambling Treatment Program and its provider organizations to help call attention to National Problem Gambling Awareness Week and the help available in Iowa for those concerned about gambling. The project was carried out around National Problem Gambling Awareness Week, which was March 7-13. It included:

| |
|---|
| <p>1-800-Bets-Off Iowa Gambling Treatment Program</p> |
|---|

- The distribution of a letter and two flyers to each of the lottery's 2,500 retailers, calling attention to the laws applying to lottery products. Retailers were asked to display the flyers at the sales counter and in their break rooms to serve as a reminder for employees.
- All gambling-treatment providers were invited to put their names and contact information on the letter to store managers, and all of the nine organizations did so.
- The Iowa Lottery brochure "Taking the First Step," which provides information about problem gambling and the help that is available in Iowa, was updated to include the latest treatment information. The Iowa Lottery has printed and distributed thousands of the brochures both at its retail locations and in its offices.
- The Iowa Lottery also sent a supply of the brochures to each of the nine treatment-provider organizations in Iowa and has a supply of the brochures on hand, should the locations need additional copies.

TouchPlay Lawsuits

Although numerous lawsuits were filed against the Lottery and the State following the 2006 shutdown of the TouchPlay program, only one remains on appeal. The plaintiff's claim in a Floyd County lawsuit was dismissed on summary judgment, but the court's decision has been appealed.

All other TouchPlay cases and claims previously reported on have been settled or dismissed. The Lottery continues to work with and follow the recommendations of the Iowa Attorney General's Office on TouchPlay-related legal matters.

Electronic Delivery

Since the Lottery's report to your committees in June 2009, we have been keeping you updated about legislation introduced in Congress that would allow for the regulation of Internet gambling by the federal government and the licensing of those who operated Internet gambling facilities.

Several pieces of legislation concerning Internet wagering have been introduced in Congress. The bills in general would tax and regulate Internet wagering at the federal level. Some of the

bills speak to states being able to opt in or opt out of such a system. Although some of the bills have attracted dozens of co-sponsors, none of the legislation has advanced far through the process at this point.

If enacted, it is unclear how the bills would apply to state-operated lotteries, if at all. But such a change in the landscape regarding Internet gambling would almost certainly impact lottery sales.

There also continues to be focus nationwide on the possibility of **intrastate** gambling on the Internet or mobile devices, which could be allowed under state law rather than federal statute. Such a gaming system is technically feasible today. It would use electronic geo-location to determine the spot from where someone was gambling to ensure that gambling activities were being restricted to within a particular state's borders.

The Lottery remains cognizant of its responsibility to provide proceeds for state causes and understands that for its products to remain relevant to today's consumers, it must keep abreast of advances in technology that change the way society communicates and conducts business. Current technology in many ways means that lotteries are using an offline business model in an online world. The Lottery will continue to monitor and evaluate proper use of new technology to meet citizen's demands. We will provide updates to your committees about the changes that could entail in Iowa and the impact such issues could have on the state budget.

In these discussions, the Iowa Lottery is not taking a position at this time. Rather, we offer ourselves as a business analyst that can offer outside perspective, advice and revenue projections to those involved in the discussions.

Changes In The Iowa Entertainment Landscape

We noted earlier in this report that a change authorized in 2009 has had an impact on Lottery sales, and we anticipate the negative effect will continue. Legislation passed in 2009 allows merchandise prizes of up to \$50 to be awarded to those who play amusement devices, up from the previous limit of \$5 in merchandise.

As we previously noted, it now appears that the change in the prize limit for amusement devices has resulted in at least a \$1 million loss in lottery pull-tab sales for the year.

The Lottery also continues to monitor and evaluate casino expansion in Iowa, and any impact on lottery sales. In recent years, several new casinos have opened in Iowa and existing properties have expanded. A new property also is now under construction near Larchwood in northwestern Iowa.

While the Iowa Lottery does not consider itself to be in direct competition with casinos or amusement devices, it does compete with them and any other entertainment venue for consumers' disposable income. When riverboat gambling was introduced in Iowa in the early 1990s and slot machines underwent a major expansion in the mid-1990s, there was a noticeable, negative impact on Iowa Lottery sales. After experiencing multiple-year declines, lottery sales in Iowa eventually stabilized and began to rebound in 2002.

Security Checks At Retail Locations



The Lottery continues to conduct unannounced security checks at retail locations statewide to see how winning tickets are being handled and to check for other security-related issues. Security investigators conducted the latest round of security-compliance checks June 7-11, visiting 119 stores in 50 Iowa counties.

The outcome is again positive: All retailers properly handled the winning tickets presented. And there was improvement in the percentage of retailers requiring signatures on tickets: More than 81 percent of retailers checked for required signatures on the tickets presented. Lottery security is following up with those locations that did not require a signature.

Investigators' approach has varied in each round of checks. During some stops, lottery security investigators have worked in tandem with agents from the Iowa Division of Criminal Investigation to pose as customers. The prizes involved have varied, ranging from smaller prizes that can be cashed at the retail level to prizes in the thousands of dollars. Both men and woman have posed as customers presenting tickets for cashing, and the compliance checks have been conducted during the day and at night.

The ongoing checks are designed to ensure that retailers and lottery players are following the rules. What has been revealed is a retail system that is functioning well. But there have been problems with lottery-ticket redemption in areas outside Iowa, so we must remain vigilant here.

As an additional note, the Lottery and state Ombudsman's Office reached a positive resolution early this year regarding all issues that were raised in a 2009 report from the Ombudsman's Office last year.

Lottery Operations - Budget Detail

| | 2011 BOARD ORIGINAL BUDGET | 2011 BOARD APPROVED BUDGET |
|---------------------------------|-------------------------------|-------------------------------|
| Salary and benefits | 9,426,178 | 9,035,279 |
| Travel | 430,000 | 430,000 |
| Supplies | 105,000 | 105,000 |
| Printing | 10,000 | 10,000 |
| Postage | 5,000 | 5,000 |
| Communications | 110,000 | 110,000 |
| Rentals | 240,000 | 240,000 |
| Utilities | 101,515 | 101,515 |
| Professional fees | 136,190 | 136,190 |
| Outside services and repair | 396,932 | 396,932 |
| Data processing | 40,000 | 40,000 |
| Non-capitalized equipment | 241,049 | 241,049 |
| Reimbursement to state agencies | 392,000 | 392,000 |
| Depreciation | 160,931 | 160,931 |
| Other expenses | 132,300 | 132,300 |
| Total operating expenses | \$ 11,927,095 | \$ 11,536,196 |

Budget for Lottery Fund

| | 2011 ORIGINAL BUDGET | 2011 BOARD APPROVED BUDGET |
|---|-------------------------|-------------------------------|
| Resources | | |
| Lottery sales | 250,100,000 | 250,100,000 |
| Interest income | 500,000 | 500,000 |
| Application fees | 5,000 | 5,000 |
| Other | 5,000 | 5,000 |
| Total resources | 250,610,000 | 250,610,000 |
| Expenses | | |
| Prizes | 142,814,120 | 145,934,120 |
| Retailer compensation | 15,606,100 | 15,606,100 |
| Advertising production and media purchases | 10,004,000 | 10,004,000 |
| Retailer Lottery system/Terminal communications | 5,897,595 | 5,897,595 |
| Instant/Pull-tab ticket expense & machine maintenance | 3,235,412 | 3,235,412 |
| Terminal equipment/Ticket dispensers | 100,000 | 100,000 |
| Interest expense (ITVM/PTVM/Building) | 42,500 | 42,500 |
| Lottery operating expense | 11,927,095 | 11,536,196 |
| Total Expenses | 189,626,822 | 192,355,923 |
| Net Income | | |
| Prior to Net Asset Change | 60,983,178 | 58,254,077 |
| Less increase (decrease) in net assets | 48,341 | 48,341 |
| After Net Asset Change | 60,934,837 | 58,205,736 |
| Proceeds | | |
| Proceeds Transfer to General Fund | 58,234,837 | 55,705,736 |
| Proceeds Transfer to Veterans Trust Fund | 2,700,000 | 2,500,000 |
| Total Proceeds Transfers | 60,934,837 | 58,205,736 |
| Total Expenses and Proceeds | 250,610,000 | 250,610,000 |

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Increase (Decrease) In Net Assets

| | 2011 ORIGINAL BUDGET | 2011 BOARD APPROVED BUDGET |
|---|---------------------------------|---------------------------------------|
| Bonds payment | 100,000 | 100,000 |
| Depreciation Expense (ITVM/PTVM/BUILDING) | (51,659) | (51,659) |
| Other adjustments | | |
| Total Change in Net Assets | <u>48,341</u> | <u>48,341</u> |

IOWA LOTTERY
PERFORMANCE MEASURES
FY 2010
Through May, 2010

| Month | | JUL | AUG | SEP | OCT | NOV | DEC | JAN | FEB | MAR | APR | MAY | | JUN |
|----------------------------|-------------|------------|------------|------------|------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-----------|-------------|
| Gross Sales | Budget 10 | 18,333,332 | 20,211,277 | 19,360,538 | 21,262,049 | 19,570,807 | 20,555,531 | 21,096,497 | 21,488,295 | 22,040,647 | 20,705,211 | 21,343,583 | | 19,462,233 |
| | Actual 09 | 18,582,307 | 18,682,642 | 20,586,808 | 19,749,090 | 19,082,468 | 20,256,054 | 21,513,631 | 21,277,161 | 20,902,169 | 21,367,006 | 22,479,059 | | 18,858,705 |
| | Actual 10 | 19,040,396 | 22,285,181 | 19,614,614 | 19,964,605 | 19,460,281 | 21,080,059 | 20,100,947 | 20,998,253 | 24,902,645 | 23,682,829 | 23,458,304 | | - |
| Prize Expense | Budget 10 | 10,278,385 | 11,331,234 | 10,854,277 | 11,920,339 | 10,972,162 | 11,524,237 | 11,827,524 | 12,047,181 | 12,356,851 | 11,608,153 | 11,966,050 | | 10,911,291 |
| | Actual 09 | 10,446,069 | 10,393,054 | 12,024,701 | 11,111,666 | 10,494,213 | 12,190,611 | 12,518,090 | 12,468,084 | 11,580,186 | 12,145,365 | 12,721,036 | | 10,332,262 |
| | Actual 10 | 11,008,744 | 12,885,945 | 11,457,691 | 11,590,409 | 11,177,370 | 12,395,334 | 12,887,034 | 12,888,422 | 13,856,385 | 14,726,535 | 12,965,678 | | - |
| Operating Expenses | Budget 10 | 641,321 | 919,588 | 919,587 | 919,587 | 919,587 | 1,226,047 | 919,587 | 919,587 | 919,587 | 919,587 | 919,587 | | 1,569,960 |
| | Actual 09 | 689,978 | 764,399 | 869,773 | 854,976 | 875,339 | 1,264,886 | 756,387 | 795,741 | 790,285 | 878,546 | 792,522 | | 1,540,153 |
| | Actual 10 | 542,134 | 833,390 | 814,169 | 832,892 | 808,120 | 1,044,094 | 755,973 | 872,015 | 854,294 | 773,491 | 913,845 | | - |
| Proceeds Transfer-General | Budget 10 | 4,515,415 | 4,765,371 | 4,526,078 | 5,060,929 | 4,585,222 | 4,555,742 | 5,014,363 | 5,124,566 | 5,279,930 | 4,904,303 | 5,083,862 | | 3,904,309 |
| | * Actual 09 | 4,425,921 | 4,383,158 | 4,254,409 | 4,979,410 | 4,994,240 | 3,710,269 | 5,132,617 | 5,065,767 | 5,069,658 | 5,473,578 | 5,584,362 | | 4,696,539 |
| | Actual 10 | 4,216,491 | 4,943,188 | 4,347,444 | 4,165,398 | 4,592,408 | 4,913,856 | 3,537,410 | 3,884,803 | 6,517,645 | 4,532,576 | 5,856,542 | | - |
| Proceeds Transfer-Veterans | Budget 10 | 250,943 | 250,943 | 250,943 | 250,943 | 250,943 | 250,943 | 250,943 | 250,943 | 250,943 | 250,943 | 250,943 | | 250,943 |
| | Actual 09 | 110,916 | 584,994 | 296,863 | 171,861 | 150,898 | 127,193 | 196,152 | 279,052 | 460,079 | 172,841 | 139,233 | | 93,294 |
| | Actual 10 | 69,484 | 542,277 | 211,064 | 141,357 | 113,846 | 97,070 | 133,242 | 319,374 | 455,734 | 231,865 | 178,455 | | - |
| Total Proceeds Transfers | Budget 10 | 4,766,358 | 5,016,314 | 4,777,021 | 5,311,872 | 4,836,165 | 4,806,685 | 5,265,306 | 5,375,509 | 5,530,873 | 5,155,246 | 5,334,805 | | 4,155,252 |
| | Actual 09 | 4,536,837 | 4,968,152 | 4,551,272 | 5,151,271 | 5,145,138 | 3,837,462 | 5,328,769 | 5,344,819 | 5,529,737 | 5,646,419 | 5,723,595 | | 4,789,833 |
| | Actual 10 | 4,285,975 | 5,485,465 | 4,558,508 | 4,306,755 | 4,706,254 | 5,010,926 | 3,670,652 | 4,204,177 | 6,973,379 | 4,764,441 | 6,034,997 | | - |
| YEAR TO DATE | | | | | | | | | | | | | | |
| Gross Sales | Budget 10 | 18,333,332 | 38,544,608 | 57,905,147 | 79,167,196 | 98,738,003 | 119,293,534 | 140,390,031 | 161,878,325 | 183,918,973 | 204,624,184 | 225,967,767 | 3.81% 1) | 245,430,000 |
| | Actual 09 | 18,582,307 | 37,264,949 | 57,851,757 | 77,600,847 | 96,683,315 | 116,939,369 | 138,453,000 | 159,730,161 | 180,632,330 | 201,999,336 | 224,478,395 | 4.50% 2) | 243,337,101 |
| | Actual 10 | 19,040,396 | 41,325,577 | 60,940,191 | 80,904,796 | 100,365,077 | 121,445,136 | 141,546,083 | 162,544,336 | 187,446,981 | 211,129,810 | 234,588,114 | | |
| Prize Expense | Budget 10 | 10,278,385 | 21,609,619 | 32,463,896 | 44,384,235 | 55,356,397 | 66,880,634 | 78,708,158 | 90,755,338 | 103,112,190 | 114,720,343 | 126,686,393 | 56.06% 3) | 137,597,684 |
| | Actual 09 | 10,446,069 | 20,839,123 | 32,863,824 | 43,975,490 | 54,469,703 | 66,660,314 | 79,178,404 | 91,646,488 | 103,226,674 | 115,372,039 | 128,093,075 | 57.06% 4) | 138,425,341 |
| | Actual 10 | 11,008,744 | 23,894,689 | 35,352,380 | 46,942,789 | 58,120,159 | 70,515,493 | 83,402,527 | 96,290,949 | 110,147,334 | 124,873,869 | 137,839,547 | 58.76% 5) | |
| Operating Expenses | Budget 10 | 641,321 | 1,560,909 | 2,480,496 | 3,400,084 | 4,319,671 | 5,545,719 | 6,465,306 | 7,384,894 | 8,304,481 | 9,224,068 | 10,143,656 | | 11,713,616 |
| | Actual 09 | 689,978 | 1,454,377 | 2,324,150 | 3,179,126 | 4,054,465 | 5,319,351 | 6,075,738 | 6,871,479 | 7,661,764 | 8,540,310 | 9,332,832 | | 10,872,985 |
| | Actual 10 | 542,134 | 1,375,524 | 2,189,693 | 3,022,585 | 3,830,705 | 4,874,799 | 5,630,772 | 6,502,787 | 7,357,081 | 8,130,572 | 9,044,417 | | |
| Proceeds Transfer-General | Budget 10 | 4,515,415 | 9,280,786 | 13,806,864 | 18,867,793 | 23,453,015 | 28,008,757 | 33,023,120 | 38,147,686 | 43,427,616 | 48,331,919 | 53,415,781 | | 57,320,090 |
| | * Actual 09 | 4,425,921 | 8,809,079 | 13,063,488 | 18,042,898 | 23,037,138 | 26,747,407 | 31,880,024 | 36,945,791 | 42,015,449 | 47,489,027 | 53,073,389 | | 57,769,929 |
| | Actual 10 | 4,216,491 | 9,159,679 | 13,507,123 | 17,672,521 | 22,264,929 | 27,178,785 | 30,716,195 | 34,600,998 | 41,118,643 | 45,651,219 | 51,507,761 | | |
| Proceeds Transfer-Veterans | Budget 10 | 250,943 | 501,885 | 752,828 | 1,003,770 | 1,254,713 | 1,505,655 | 1,756,598 | 2,007,540 | 2,258,483 | 2,509,425 | 2,760,368 | | 3,011,310 |
| | Actual 09 | 110,916 | 695,910 | 992,773 | 1,164,634 | 1,315,532 | 1,442,725 | 1,638,877 | 1,917,929 | 2,378,008 | 2,550,849 | 2,690,082 | | 2,783,377 |
| | Actual 10 | 69,484 | 611,761 | 822,825 | 964,182 | 1,078,028 | 1,175,098 | 1,308,340 | 1,627,714 | 2,083,448 | 2,315,313 | 2,493,768 | | |
| Total Proceeds Transfers | Budget 10 | 4,766,358 | 9,782,671 | 14,559,692 | 19,871,563 | 24,707,728 | 29,514,412 | 34,779,718 | 40,155,226 | 45,686,099 | 50,841,344 | 56,176,149 | -3.87% 1) | 60,331,400 |
| | Actual 09 | 4,536,837 | 9,504,989 | 14,056,261 | 19,207,532 | 24,352,670 | 28,190,132 | 33,518,901 | 38,863,720 | 44,393,457 | 50,039,876 | 55,763,471 | -3.16% 2) | 60,553,306 |
| | Actual 10 | 4,285,975 | 9,771,440 | 14,329,948 | 18,636,703 | 23,342,957 | 28,353,883 | 32,024,535 | 36,228,712 | 43,202,091 | 47,966,532 | 54,001,529 | | |

* 2009 Gambler's Treatment Fund transfer included with General Fund transfer

- 1) Actual FY10 compared to Budget FY10
- 2) Actual FY10 compared to Actual FY09
- 3) Budget FY10 Prize Expense as a % of Budget FY10 Sales
- 4) Actual FY09 Prize Expense as a % of Actual FY09 Sales
- 5) Actual FY10 Prize Expense as a % of Actual FY10 Sales